

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 08-13555-scc

4 Adv. Case No. 15-01112-scc

5 - - - - - x

6 In the Matter of:

7 LEHMAN BROTHERS HOLDINGS INC.,

8 Debtor.

9 - - - - - x

10 LEHMAN BROTHERS HOLDINGS INC., et al,

11 Plaintiff,

12 v.

13 U.S. BANK NATIONAL ASSOCIATION, et al,

14 Defendants.

15 - - - - - x

16 U.S. Bankruptcy Court

17 One Bowling Green

18 New York, NY 10004

19

20 September 20, 2016

21 10:24 AM

22

23 B E F O R E :

24 HON SHELLEY C. CHAPMAN

25 U.S. BANKRUPTCY JUDGE

1 Hearing re: DOC #53610 Motion for Approval of Settlement
2 Agreement Among Lehman Brothers Holdings Inc., Structured
3 Asset Securities Corporation, and U.S. Bank National
4 Association, in Certain of its Capacities.

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6 Hearing re: Adversary proceeding: 15-0 11 12-scc Lehman
7 Brothers Holdings Inc. et al v. U.S. Bank National
8 Association et al Doc #127 Motion for Approval of Settlement
9 Agreement Among Lehman Brothers Holdings Inc., Structured
10 Asset Securities Corporation, and U.S. Bank National
11 Association, in Certain of its Capacities.

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1 P R O C E E D I N G S

2 THE COURT: Please have a seat. I'm sorry I'm
3 late. There was a sick passenger, those words that you
4 never like to hear on the subway, that we are delayed
5 because of a sick passenger, so.

6 MR. CONSENZA: Been there many times, Your Honor.

7 (Laughter)

8 THE COURT: So, I'm sorry.

9 MR. CONSENZA: No worries.

10 THE COURT: Sorry.

11 MR. CONSENZA: Todd Consenza from Willkie, Farr &
12 Gallagher for Lehman Brothers Holding, Inc., the plan
13 administrator.

14 Your Honor, I'll just give you a little bit of
15 background and you can --

16 THE COURT: Sure.

17 MR. CONSENZA: -- whatever additional information
18 you want, obviously, you can ask me. But I'm here to report
19 very good news. I think you've seen in the various
20 correspondence --

21 THE COURT: Yes.

22 MR. CONSENZA: -- to the Court, and we sent in our
23 motion a few weeks ago, our 9019 motion. The general theme
24 is Lehman, U.S. Bank and Sincola have entered into a -- two
25 cross-conditioned settlements that resolve the respective

1 claims against Lehman regarding the GreenPoint Mortgage
2 Funding Trust, which is also know as the 2006-HE1 Trust. So
3 this is all very good news.

4 The general overview of the terms of the
5 agreements, as you know, Sincola initially had a \$1.3
6 billion claim. That claim will be reduced and allowed as a
7 \$37 million Class 7 claim. And we're planning, given that
8 there have been no objections filed, for that money to be
9 paid out in the next distribution.

10 U.S. Bank has a billion dollars-plus in claims
11 relating to this trust, most of which have been disallowed
12 based on the Court's prior order in June. So as part of the
13 settlement, U.S. Bank is withdrawing those claims and
14 they're not going to be part of the appeal that's now --

15 THE COURT: That was my next question.

16 MR. CONSENZA: Yeah.

17 THE COURT: So those are going to --

18 MR. CONSENZA: Those are going to be gone, yes.

19 Only the U.S. Bank settlement is before the Court. Both
20 settlement agreements are covered by the Order of Modifying
21 Certain Existing Claims Orders that was entered July 18,
22 2012, and given the threshold limits set forth in that
23 order, Lehman doesn't need Court approval for both
24 settlements. But out of its abundance of caution, as a
25 request from U.S. Bank, the U.S. Bank settlement was

1 conditioned on the Court's approval, just to make sure there
2 are no objectors that would come forward to the settlement.

3 We believe the U.S. Bank settlement and the
4 Sincola settlements are very good results for the estate,
5 within the range of reasonable outcomes, reflecting the plan
6 administrator's sound business judgment, and should be
7 approved. And I mentioned to you earlier, there have been
8 no objectors that have come forward during the development
9 time period.

10 Your Honor, I can go on and give you more detail
11 about the trust --

12 THE COURT: No, I really -- I might have excused
13 folks from coming in today, but because this was such a
14 significant settlement and indeed such a significant
15 accomplishment, given everything that had come before this,
16 I thought it was important to have a brief hearing and give
17 everyone an opportunity, if they wish, to make an additional
18 statement.

19 MR. CONSENZA: Sure.

20 THE COURT: But I've read everything --

21 MR. CONSENZA: Right.

22 THE COURT: -- and I have no questions, so...

23 MR. CONSENZA: Okay. So, Your Honor, if we do
24 need to, we can go into additional background if there are
25 questions.

1 THE COURT: All right.

2 MR. CONSENZA: But from our perspective, that's
3 our state of --

4 THE COURT: Okay.

5 MR. CONSENZA: -- the settlement.

6 THE COURT: Thank you, Mr. Consenza.

7 MR. CONSENZA: Thank you.

8 THE COURT: Does anyone else wish to be heard?

9 MS. BOLAND: Your Honor, Connie Boland for the
10 indentured trustee. If you have no questions, then
11 everything's in the papers and, you know, we're here to
12 answer questions. But otherwise, Your Honor, nothing.

13 THE COURT: Okay. All right. Well, then I thank
14 you all for coming down for such a brief hearing. As I
15 said, I have reviewed the papers. I am familiar with the
16 history of these interrelated proceedings and claims. I
17 think the settlement is a significant achievement. It
18 clearly satisfies the Iridium factors with respect to the
19 exercise of the business judgment on behalf of the estate,
20 and I'm very pleased to approve the settlement.

21 Do we have the form of order in electronic form,
22 do you know?

23 MR. CONSENZA: We do, Your Honor. May I approach,
24 I'll --

25 THE COURT: Yes.

1 MR. CONSENZA: Okay.

2 THE COURT: And has this been sent to Chambers
3 email, do you know?

4 MR. CONSENZA: It has. It has, Your Honor.

5 THE COURT: Okay.

6 MR. CONSENZA: Everything (indiscernible).

7 THE COURT: Very good. Okay. Thank you for
8 coming down. And again, I apologize for the delay. Have a
9 good --

10 MR. CONSENZA: Thank you, Your Honor.

11 THE COURT: Have a good day.

12 MS. BOLAND: Thank you, Your Honor.

13 (Whereupon these proceedings were concluded at
14 10:29 AM.

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I N D E X

RULINGS

	Page	Line
Motion to Approve Settlement Granted	9	20

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing
transcript is a true and accurate record of the proceedings.

Sonya
Ledanski Hyde

Digitally signed by Sonya Ledanski
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Date: September 21, 2016